

51037 10058
cc. Wayne



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101-1345

<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO:
3809
UTU-69788
(UT-9223)

MAR 08 2013

RECEIVED
MAR 12 2013
DIV. OF OIL, GAS & MINING

Mrs. Sarah M. Fields
Uranium Watch
76 South Main Street, #7
PO Box 344
Moab, Utah 84532

Dear Mrs. Fields:

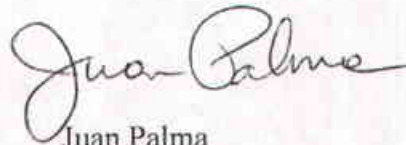
This letter is in response to your letter dated February 5, 2013, regarding the status of the Sage Mine. As you know, the Sage Mine is a small, underground, uranium mine located on public land in Summit Canyon, San Juan County, Utah. The historic mine has an associated surface disturbance of less than 5 acres. The Bureau of Land Management (BLM), Monticello Field Office first learned of operations at the mine site in May of 1996. Unfortunately, the owner/operator died that same year and therefore we were unable to take any regulatory action regarding the mine at that time.

The present mining claimant (Colorado Plateau Partners, LLC) and its parent company (Energy Fuels Resources Corporation) are currently preparing a Plan of Operations (Plan) under 43 CFR Subpart 3809, to obtain authorization for the Sage Mine. Preparatory to submitting the Plan, the company has been diligent in collecting baseline information and conducting engineering activities for mine facility design and layout. The company completed Notice-level drilling operations in the vicinity of the mine in 2011-2012, in order to collect baseline groundwater data and to delineate areas of potential mineralization. The company also completed cultural and biological surveys of the area to help with the Plan development. Other baseline surveys are necessary before the company can submit an adequate Plan to the BLM. These include a soil survey, radiologic survey, topographic survey, hydrologic survey and waste rock characterization. The collection of good baseline information can take a considerable amount of time but is essential for the development of a thorough Plan.

As you mentioned in your letter, Energy Fuels recently suspended operations at several of its mines due to declining uranium prices. These recent cutbacks have made it necessary for the company to prioritize its Utah mining projects. Nevertheless, the company has informed the Monticello Field Office that it is actively preparing the Plan for the Sage Mine and will submit it in the 4th quarter of 2013. Please be assured that BLM will ensure that Energy Fuels will obtain any necessary authorization for future operations or other activities at the mine site. Currently, a bond is held by the State of Utah, Minerals Reclamation Program to reclaim the existing disturbance at this site.

Once the BLM receives the Plan for the Sage Mine, we will process it in accordance with 43 CFR 3809.411, including making the complete Plan available for public review and comment. If you have further questions, please contact Ted McDougall, BLM Monticello Field Office Geologist, at 435-587-1512.

Sincerely,

A handwritten signature in dark ink, appearing to read "Juan Palma". The signature is fluid and cursive, with the first name "Juan" being more prominent than the last name "Palma".

Juan Palma
State Director

cc: Canyon Country District Office (UTY00)

Monticello Field Office (UTY02)

Moab Field Office (UTY01)

Paul Baker, Utah Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210
PO Box 145801, Salt Lake City, UT 84114-5801